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Message Text

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64
ORIGIN NEA-13

INFO OCT-01 ISO-00 H-03 L-03 ABF-01 AID-20 IGA-02 EB-11

OMB-01 TRSE-00 CIEP-02 SCI-06 FEA-02 STR-08 SSO-00

NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-07 INR-10

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

SAM-01 /130 R

DRAFTED BY NEA/INS:DWBORN
APPROVED BY NEA/INS:LBLAINGEN
H:KJENKINS
L/NEA:ATBROWN
---------- 059680
O 152334Z FEB 74
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI IMMEDIATE

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E.O. 11652: N/A
TAGS: FIN, IN
SUBJ: RUPEES: LEGAL ISSUE

REF: STATE 29836
-
SUMMARY: GAO INFORMALLY INDICATES NO OBJECTION TO SIGNATURE ON FEBRUARY 18. YOU INSTRUCTED RAISE CERTAIN MATTERS WITH GOI. END SUMMARY

1. TEXT OF OUR REPLY TO MOORHEAD/HAMILTON LETTER (COMPLIMENTARY OPENING/CLOSE DELETED) FOLLOWS:

BEGIN TEXT
FIRST, ON THE LEGAL ISSUE, WE BELIEVE THAT OUR OWN THOROUGH LEGAL STUDY AND DETERMINATION OF THE STATUTORY
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AUTHORITY FOR ENTERING INTO THE AGREEMENT PROVIDED US WITH

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A FIRM BASIS ON WHICH TO PROCEED. CONSEQUENTLY, WE HAD NOT FELT THAT REFERRAL TO THE COMPTROLLER GENERAL WAS NECESSARY OR WARRANTED.

NEVERTHELESS, IN ACCORDANCE WITH OUR DESIRE FOR THE CLOSEST CONSULTATION WITH YOU AND OTHER CONCERNED CONGRESSIONAL COMMITTEES AND MEMBERS WE SOUGHT AN IMMEDIATE, FIRM DECISION FROM THE COMPTROLLER GENERAL ON THE LEGAL ISSUE BY LETTER DATED FEBRUARY 11 (ENCLOSED). THE COMPTROLLER INFORMED US BY TELEPHONE TODAY THAT THE

GENERAL ACCOUNTING OFFICE HAS REVIEWED THE MATTER AND HAS NO OBJECTION TO OUR PROCEEDING WITH SIGNATURE OF THE AGREEMENT ON FEBRUARY 18. HE ALSO TOLD US THAT A WRITTEN RESPONSE WOULD FOLLOW. WE WILL FORWARD TO YOU A COPY OF THEIR RESPONSE AS SOON AS WE RECEIVE IT.

SECOND, AS CONCERNS THE DIRECTION OF THE USE OF OUR RUPEE GRANTS TO INDIA, WE AGREE THAT THE ENERGY CRISIS WILL HAVE A MOST SERIOUS IMPACT ON INDIAN ECONOMIC DEVELOPMENT AND THAT THE AREAS YOU IDENTIFY ARE WELL SUITED FOR INDO-US COOPERATIVE ENDEAVORS. AFTER CAREFUL STUDY AND CONSIDERATION OF YOUR SUGGESTIONS WE PROPOSE TO TREAT THEM AS FOLLOWS:

WE WILL SEEK TO ENCOURAGE EXPANSION OF THE USE OF METHANE AS A FUEL IN INDIA THROUGH JOINT INDO-AMERICAN RESEARCH PROJECTS AND THE STUDY OF THE MANUFACTURE OF THIS LOW-COST FUEL IN INDIAN TECHNICAL INSTITUTES. WE WILL RAISE WITH INDIA THE DESIRABILITY OF ALLOCATION OF A PORTION OF OUR RUPEE GRANT TO INDIA FOR SUCH PURPOSES. WE HAVE INSTRUCTED OUR EMBASSY IN DELHI TO OPEN DIS-CUSSIONS WITH THE INDIAN GOVERNMENT TO EXPLORE HOW WE MAY MOST EFFECTIVELY CO-OPERATE TO SECURE THE EXPANSION OF THE USE OF METHANE IN INDIA.

WE HAVE ALREADY BEEN CONSULTING WITH THE GOVERNMENT OF INDIA ON WAYS TO STEP UP INDO-AMERICAN COOPERATION IN THE SEARCH FOR OIL OFF INDIA'S COAST AND THE EXPLOITATION OF ANY DEPOSITS LOCATED. WE BELIEVE THIS IS A FIELD LIMITED OFFICIAL USE

IDEALLY SUITED FOR PRIVATE US FIRMS, CONTRACTING DIRECTLY WITH THE INDIAN GOVERNMENT. THE INDIAN GOVERN-MENT HAS CALLED FOR INTERNATIONAL BIDDING ON SUCH CON-TRACTS, AND WE HAVE BEEN ENCOURAGING QUALIFIED FIRMS TO PARTICIPATE.

SIMILARLY, WE HAVE ENCOURAGED THE INDIAN GOVERNMENT TO ACT PROMPTLY ON THE APPLICATION OF A MAJOR US COMPANY

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TO DEVELOP A COAL GASIFICATION PROJECT IN INDIA. HERE AGAIN, THERE IS GREAT SCOPE FOR PRIVATE US FIRMS TO CONTRIBUTE TO INDIAN DEVELOPMENT.

THE UTILIZATION OF GROUND WATER DEPOSITS IN THE VAST, FERTILE PLAIN ACROSS WHICH THE GANGES RIVER FLOWS HAS LONG RECEIVED ATTENTION AS PART OF US TECHNICAL ASSISTANCE PROGRAMS TO INDIA. WE HAVE INDICATED TO THE GOVERNMENT OF INDIA OUR WILLINGNESS TO DISCUSS THE NATURE OF ANY FUTURE ASSISTANCE PROGRAM, AND WE WOULD EXPECT THAT, FOLLOWING SIGNATURE OF THE RUPEE AGREEMENT, THIS GENERAL

SUBJECT WILL BE TAKEN UP IN NEW DELHI. IN THAT CONTEXT, WE BELIEVE THAT APPROPRIATE ATTENTION SHOULD BE GIVEN TO THE QUESTION OF WAYS TO OPTIMIZE THE USE OF INDIA'S ENORMOUS GROUND WATER RESOURCES. IN THE MEANTIME, HOWEVER, WE WILL RAISE WITH INDIA THE QUESTION OF ALLOCATING A PORTION OF OUR RUPEE GRANT TO IMPROVING THE UTILIZATION OF GROUND WATER DEPOSITS.

WE BELIEVE THAT ALL OF THESE IDEAS, AND OTHERS, FOR AMELIORATING INDIA'S ECONOMIC DEVELOPMENT PERFORMANCE IN THE WAKE OF THE SUDDEN STEEP RISE OF WORLD PETROLEUM PRICES WILL BE THE MORE READILY DISCUSSED WITH INDIA IN THE IMPROVED ATMOSPHERE FOLLOWING THE CONCLUSION OF THE RUPEE AGREEMENT. WE BELIEVE *HIS ATMOSPHERE WILL BE CONDUCIVE TO THE RESOLUTION OF VARIOUS OUTSTANDING QUESTIONS IN THE AREAS OF TRADE AND INVESTMENT.

IN THIS CONTEXT, WE WILL BE GIVING SERIOUS CONSIDERATION TO IMPLEMENTING THE OBJECTIVES OF THE MOORHEAD/ BROOMFIELD PLAN TO EXPAND AMERICAN EXPORTS TO INDIA.
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AFTER THOROUGH STUDY OF THE IMPLICATIONS OF THIS PROPOSAL, LEGAL AS WELL AS COMMERCIAL, WE PROPOSE TO TAKE IT UP WITH APPROPRIATE INDIAN OFFICIALS WITH A VIEW TO WHAT CAN BE DONE TO GIVE IT EFFECT.

WE HAVE NOTED YOUR REQUEST FOR OUR COMMENTS BY FEBRUARY 15 AND THAT OUR RESPONSES WILL BE INCLU ED AS PART OF THE RECORD OF THE JANUARY 29 HEARING OF THE SUB-COMMITTEE ON THE NEAR EAST AND SOUTH ASIA ON THE PROPOSED AGREE-* MENT. AS YOU ARE AWARE, WE INTEND TO SIGN THIS AGREEMENT WITH INDIA AND TO HAVE IT ENTER INTO FORCE ON FEBRUARY 18, 1974.

SIGNED: STANTON D. ANDERSON, ACTING ASSISTANT SECRETARY FOR CONGRESSIONAL*RELATIONS.

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END TEXT

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2. THIS REMOVES LAST BAR TO SIGNATURE OF AGREEMENT FEBRUARY 18. WE HAVE ASKED DEPUTY SECRETARY APPROVE CABLE WITH FORMAL AUTHORITY TO SIGN. THIS CABLE IS NOT EXPECTED RECEIVE DEPSEC ATTENTION UNTIL FEBRUARY 16.

3. YOU WILL NOTE IN ABOVE THAT WE HAVE INSTRUCTED YOU: (A) OPEN DISCUSSIONS ON COOPERATION TO EXPAND USE OF METHANE; AND (B) RAISE WITH GOI USE OF A PORTION OF RUPEE GRANT TO IMPROVE UTILIZATION OF GROUND WATER DEPOSITS. (FYI. WE HAVE NOT REVIEWED FIFTH 5-YEAR PLAN IN DETAIL, POSSIBLY SUCH UTILIZATION IMPROVEMENT SCHEMES ARE DETAILED THEREIN.END FYI)

4. PLEASE REPORT REGULARLY ON *ROGRESS THESE DISCUSSIONS (WHICH NEED NOT BEGIN UNTIL AFTER SIGNATURE OF AGREEMENT) SO THAT WE MAY KEEP CONGRESSMEN MOORHEAD AND HAMILTON INFORMED. RUSH

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 15 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: DWBORN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1974/newtext/t19740227/aaaaaztx.tel
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Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: STATE 29836
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Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2002
Review Event:
Review Exemptions: n/a
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Review Withdrawn Fields: n/a
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TAGS: EFIN, IN, US, GAO
To: NEW DELHI
Type: TE
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